

# The Business View

## Office of the President of the Philippines

From an Official Source

**JUNE 1**—Announced that President Elpidio Quirino has persuaded Surplus Property Commissioners Jose Zulueta and Jose Romero to remain in their jobs until completion of the liquidation.

The President tells representatives of the Indian Overseas Bank, Ltd., that foreigners are welcome to invest in the Philippines provided they observe the laws of the country.

**June 2**—The Cabinet approves a recommendation of the National Economic Council that the export ban on lumber be lifted; the ban expires on the 6th.

The President instructs Secretary of Public Works and Communications R. Nepomuceno to rush work on all projects for which war-damage payments have been authorized in order to complete them before June 30, 1950, the deadline set by the War-Damage Commission under the present law. Thus far only some 50 projects have been completed.

**June 3**—The President's appointment of Filemon A. Cosio as Acting Under-Secretary of Commerce and Industry is announced; also that of Maj. Victor H. Dizon as deputy administrator of the Civil Aeronautics Administration.

Announced at Malacañan that on instructions of the President the Secretary of Agriculture and Natural Resources will shortly call a meeting of mining company representatives to find out what the Government could do to assist the rehabilitation of the mining industry. Mine production in 1948 amounted to only P44,000,000 as compared to more than P100,000,000 before the war.

**June 4**—The President, addressing a group of bank auditors and comptrollers who call on him at Malacañan, appeals to them to "cooperate decisively, aggressively, and quickly" in the economic mobilization program of the Government.

The President appoints a committee headed by Vicente Albada to make a study of problems in connection with the establishment of the ramie industry in Mindanao "which is being seriously considered by the Government".

**June 5**—The President signs House Bill No. 2833 authorizing him to negotiate loans from the International Bank for Reconstruction and Development on behalf of the National Power Corporation for a sum not to exceed P100,000,000. He also signs House Bill No. 2834 increasing the borrowing capacity of the NPC from P20,000,000 to P170,500,000; House Bill No. 2885 providing for uniform taxes and fees in connection with wireless reception and transmission of wordage and pictures; House Bill No. 2002 appropriating funds for the rehabilitation of domestic insurance companies; and Senate Bill No. 391 converting the School of Forestry of the University of the Philippines to the College of Forestry.

**June 6**—Malacañan announces that the International Emergency Food Council in Washington has removed fertilizer from the list of controlled commodities, effective June 30.

**June 7**—The President and American Ambassador M. M. Cowen sign a formal agreement giving effect to the Rogers Act which provides for the hospitalization of Filipino veterans.

The Foreign Office announces that additional reparations equipment from Japan will come to the Philippines in accordance with a SCAP decision "virtually exempting" all Japanese reparation assets already allocated under the interim plan, from the United States May 12 directive which halted further reparation withdrawals. It is estimated that the Philippines' additional share will approximate some 10 shiploads of assorted diesel generating sets, electrical equipment, and fuel pilot plants.

**June 8**—Inasmuch as Congress failed to act on the bill appropriating P5,000,000 for the November 8 general elections, the Cabinet, acting on the recommendation of Budget Commissioner Pio Joven, authorizes the Commission on Elections to incur all necessary expenses in connection therewith, these to be charged temporarily against present funds for supplies

and salaries of emergency employees, so that it will not be necessary for the President to exercise his emergency powers.

The President issues Executive Order No. 221 lifting the export ban on lumber on condition that—

"no lumber or timber shall be exported unless the same is graded and inspected by an authorized lumber inspector of the Bureau of Forestry and a certificate of inspection duly approved by the Director of Forestry is issued therefor prior to shipment."

Secretary of Labor P. Lovina, in his capacity as Chairman of the Board of the National Land Settlement Administration, announces that to revitalize the Koronadal Settlement projects, 20 tractors and some 200 carabaos (from French Indo-China) will be purchased, survey groups will be dispatched, and funds will be released for several irrigation works.

Malacañan directs the Armed Forces of the Philippine to issue new back-pay checks for some 260 veterans who have been defrauded by forgers to a total of over P409,000.—"without prejudice to the determination of the liability of either the Philippine National Bank or the Armed Forces of the Philippines with respect to each particular loss."

**June 9**—The President signs a number of bills, including Senate Bill No. 311 (Republic Act No. 360) exempting from taxation and attachment, levy, or seizure all the benefits accruing to any person under the laws of the United States administered by the U.S. Veterans Administration; House Bill No. 2249 (R.A. No. 361) amending Sec. 190 of the Internal Revenue Code so as to exempt from payment of the compensating tax vessels and their equipment purchased or received from outside the Philippines; H.B. No. 2611 (R.A. No. 362), appropriating P300,000 for the study, control, and eradication of *kadang-kadang* and other diseases and pests of coconut trees; H.B. No. 280 (R.A. No. 363) authorizing the Director of Public Schools to add a surcharge, not to exceed 15%, to the price of government-published anthologies used as textbooks to be paid to the copyright owners of the selections used; and H.B. No. 2811 (R.A. No. 364) authorizing vocational schools to collect tuition fees, receive contributions from private persons, and contract loans creating a special trust fund for each such school.

Announced that UNESCO has donated valuable scientific apparatus to the University of the Philippines, the National Research Council, the Institute of Science, the National Museum, and the Department of Education.

A two-man commission from Paraguay is now in the Philippines to select some 500 persons from among the stateless refugees temporarily domiciled at Guianan, Samar, for permanent settlement in Paraguay.

**June 10**—The President signs a number of bills, including House Bill No. 2560 (Republic Act No. 369) providing for the redemption of emergency and guerrilla currency notes registered and deposited under the provisions of Republic Act No. 22, and H.B. No. 1460 (R.A. No. 367) creating the Bureau of Industrial Safety under the Department of Labor. The first Act appropriates P50,000,000 from the fiduciary fund received by the Philippine Government from the Government of the United States for the purpose.

Acting General Manager Jose Agudo of the National Coconut Corporation dies of a heart attack, aged 59.

**June 11**—The Liberal Party unanimously nominates President Quirino as its standard-bearer in the coming national elections. Nomination for the vice-presidency is postponed.

Malacañan announces that of the 94 bills passed by both Houses of Congress, 83 have been transmitted to the President, 27 of which have already been signed by him. Of the 94 bills, 85 originated in the house and 9 in the Senate.

**June 13**—The President administers the oath of office to Pedro M. Gimenez as Deputy Auditor General, vice Pio Joven, now Budget Commissioner.

The National Economic Council approves the first phase, involving the clearing and planting of 2,500 hectare area, of a 3-year, 10,000-hectare abaca project of the National Abaca and Other Fibers Corporation which will require a total outlay of P2,500,000. The Council adopts a recommendation of Governor M. Cuaderno of the Central Bank to reject a proposal that the Government subsidize the gold mining industry.

The main features of the proposal which came from V. A. Brusillo, Vice-President of A. Soriano & Co., were that the Government have option to purchase and the producers of gold option to sell the metal "at a price calculated to induce operation of gold properties in general," that this price would be "appreciably better" than the statutory price (\$35 a troy ounce) and "also higher than the present free market price obtainable by the producers" (P90 to P96); all payment by producers to the Government to be made in bullion and all bullion purchased by the Government to be paid for in Philippine currency. Mr. Cuaderno stated that on the basis of the 1940 production, the Government, if it purchased the entire output at P100 an ounce, would require some P30,000,000 for the purpose, involving a considerable loss. "It would seem that as long as there is a free market for locally-mined gold in the Philippines, which is absorbing their output at a much higher price than the official rate, the gold mining companies have a good incentive not only to increase production but also to rehabilitate mines which were damaged during the war," Mr. Cuaderno said.

June 14—The President issues Executive Order No. 223 authorizing PACSA (the President's Action Committee on Social Amelioration), in consultation with the Director of Lands, to allot unoccupied agricultural land of the public domain to interested citizens in 10-hectare lots either under homestead or sales application, provided at least 1/5 of the area is placed under cultivation during the first year. In case of sale the grantee will be given 10 years to complete payment for the land.

The President assures a large delegation of recently disbanded Philippine Scouts (U.S. Army) that he will issue an order to the Department of Public Works to give them priority second only to veterans of the Armed Forces of the Philippines in the matter of public-works jobs.

June 15—The President issues Executive Order No. 225 appropriating funds for the operation of the Government during the period from July 1 to June 30, 1950, and another Order, No. 226, appropriating the sum of P6,000,000 to defray expenses in connection with the national elections next November, Congress having failed to enact a general appropriation act. Order No. 225 appropriates P232,300,297, the same amount provided for in the Appropriations Act for the 1948-49 fiscal year, and "for the same purposes, services, and activities for the fiscal year ending June 30, 1950, or until such time as the Congress may determine otherwise."

The President signs House Bill No. 1748 (Republic Act No. 372) appropriating P2,000,000 for the rehabilitation of government stock farms and breeding stations and the establishment and operation of additional such entities. He also signs a number of other bills including Senate Bill No. 425 (Republic Act No. 370) reclassifying Philippine trees for lumbering purposes.

The President authorizes the release of P100,000 for the distribution of rice seed to small farmers, repayable after harvest in cash or in kind, through the local supervisors of the Department of Agriculture or the Department direct.

June 16—The President formally receives the Argentine diplomat, E. A. Viera, as minister extraordinary and envoy plenipotentiary to the Philippines. Argentina is the first South American country to establish a legation here, though Ecuador, Nicaragua, and Venezuela maintain consulates.

A delegation of sugar planters calls on the President to ask him to recommend the retention of the pre-war Philippine sugar-quota of 850,000 long tons in the Havana sugar conference scheduled for next month. They also ask him to facilitate the presentation to Congress of a bill condoning interest on loans granted to sugar planters during the enemy occupation.

June 17—The President vetoes House Bill No. 1527 which would have established a Typhoon Commission and which called for a total appropriation of P1,000,000 to maintain the Commission and to enable it to "conduct researches and to find ways and means of preventing or destroying typhoons in the Philippines."

Officers of the Philippine Dental Association call on the President to urge him to approve House Bill No. 2783 which would regulate the practice of dentistry and extend the present 4-year course in dentistry to 6 years through a 2-year pre-dental course, and H.B. No. 2831 which would exempt imported dental gold from the 30% luxury tax imposed under the Import Control Law.

June 18—The President accepts the resignation of Manuel C. Briones as Associate Justice of the Supreme Court which was nominated for the Vice-Presidency by the Nacionalista Party.

The President administers oaths of office to Jose Nivela, Sr., as Officer-in-charge of the National Coconut Corporation and to Maj. Manuel Buenafe as Assistant Director of the Bureau of the Census and Statistics.

The President, among other bills, signs House Bill No. 2118 (Republic Act No. 386), the new Civil Code which "seeks to give a more liberal interpretation of existing civil rights and obligations as well as afford women greater breadth of freedom in the exercise of their rights particularly with regard to the disposition of paraphernal and conjugal property."

"The Code becomes effective 16 days after publication in the Official Gazette and takes effect for one year after such publication during which it will be on a sort of a 'trial run.' During this period the operation of the laws contained therein will be observed with a view to subsequently introducing proper amendments."

The President also signs H.B. 2804 (R.A. 387) to promote the exploration, development, exploitation, and utilization of Philippine petroleum resources; H.B. 2874 (R.A. 406) creating a Mines Special Fund in the Bureau of Mines to be used for the canvassing and evaluation of mineral deposits needed in the development of Philippine industries; H.B. 2756 (R.A. 412) providing for the establishment of a School of Fisheries at Tabaco, Albay; H.B. 2759 (R.A. 413) appropriating P100,000 for additional Bureau of Fisheries personnel in connection with the campaign against illegal fishing; H.B. 2831 (R.A. 396) withdrawing dental gold and gold alloys and other precious metals used in dental work from the classification as luxuries taxable 30% and placing them under ordinary articles taxable at 5%; withdrawing musical instruments from the semi-luxury classification taxable at 15% if not more than P150 in value; also placing fountain pens if not more than P15 in value at 5% and more than P15 at 15%; H.B. 2783 (R.A. 417) regulating the practice of dentistry; H.B. 2822 (R.A. 414) appropriating P150,000 for the promotion of home industries and the revival of the craftsman section of the vocational education division of the Bureau of Public Schools; H.B. 2699 (R.A. 401) condoning all unpaid interest accruing from January, 1942, to December 31, 1946, on all obligations outstanding on December 8, 1941, and to apply payments of interest paid after February 28, 1945, to the principal obligation if still outstanding, in certain cases; H.B. 2875 (R.A. 408) re unclaimed securities; H.B. 1910 (R.A. 397) granting the Boy Scouts of the Philippines 10,000 hectares of public agricultural land for the support of the organization's activities; and H.B. 1461 (R.A. 418) exempting the *Jai Alai* from the 20% tax on gross receipts. With respect to the latter Act, it is explained that the former taxation was discriminatory as it was in addition to the 3% on gross bets paid by other such recreational establishments and because the *Jai Alai*, alone among them, must surrender ownership of property worth P5,000,000 to the Government after 25 years.

The President, among a number of other bills, vetoes H.B. 1602 re a Civil Aeronautics Board etc., H.B. 2053 which sought to limit the benefits of the Flag Law to natural-born citizens of the Philippines; H.B. 2816 which would have appropriated P400,000 for the taking of an inventory of Philippine forest resources; and H.B. 2818 re the license to cut timber for mining purposes.

F. C. Rodriguez, National Power Corporation manager, states that construction on the Lumot river diversion project which will make available an estimated 50,000,000 KWH a year is going "full blast" and that the project is expected to be completed about the end of next year. The Ambuklao project on the Agno river "is scheduled to be in operation by the end of 1953 but at the present rate of progress this major source of power for Luzon may be in operation early in 1953." The present work is being financed from advances made by the Government from Central Bank funds.

farmers, repayable in kind or in cash after the next harvest.

June 20—The President signs the last of the bills signed by him within the constitutional time limit, —House Bill No. 2217 (Republic Act No. 419) increasing the minimum specific tax on cigarettes mechanically packed.

June 21—The President authorizes the release of P2,600,000 to the National Abaca and Other Fibers Corporation for the development of Davao abaca lands.

The Cabinet approves the request of the International Refugee Organization for a 4-month extension of the stay of the refugees from China at Guian, Samar; the period would have expired at the end of the month.

June 22—The Philippine Department of Foreign Affairs states that the Wall Street Journal article alleging that the "Little Marshall Plan" for the Philippines is failing, is

the "ultimate in misunderstanding of the contemporary situation in the Philippines." The Philippine Embassy in Washington has been instructed to refute the article.

The Australian Government has offered 4 fellowships and 1 scholarship to deserving Filipino students and technicians for study in Australia. Two Filipinos are now in Australia under fellowships granted last year, one studying animal husbandry and the other vegetable oils.

June 23—The Department of Foreign Affairs makes representations with the Chinese Legation for the return of 223 Chinese who were apprehended a few days ago in Quezon Province after their illegal landing.

June 24—The President appoints Anastacio de Castro as manager of the National Cooperatives and Small Business Corporation.

The President creates a committee headed by Ricardo Nepomuceno to plan a coordination of the functions of the Capital City Planning Commission, the National Urban Planning Commission, and the People's Homesite and Housing Corporation.

The Cabinet discusses the advisability of sending a diplomatic representative to the Vatican.

June 25—Announced that the Board of Textbooks, Dr. Gabriel R. Mañalac, Chairman, is prepared to consider the adoption of textbooks for Philippine public schools.

June 27—In ceremonies at Malacañan, 24 former alien properties of various categories, ranging from real and personal to stocks in former enemy corporations, to an aggregate value of ₱793,420.75, are turned over to the Philippine Government by the Philippine Alien Property Administration.

The National Economic Council approves a 5-year plan for the rehabilitation of the tobacco industry with the recommendation that the National Tobacco Corporation undertake it with starting funds of ₱3,000,000 obtained from the Rehabilitation Finance Corporation and the Philippine National Bank. The Council also decides to recommend the establishment of a national shipyard in the Mariveles-Sisiman area in Bataan, the project involving a total outlay of ₱16,000,000. The proposed shipyard would handle repairs, drydocking, and ship-construction, practically all the machinery needed being already available from repairation materials received from Japan.

June 28—The President issues Executive Order No. 231 amending the import control regulations "with a view to further conserving Philippine dollar reserves by an estimated ₱60,000,000 or more a year. (The order is reprinted elsewhere in this issue of the Journal.)

June 29—The President at the request of Secretary P. L. Mapa of Agriculture and Natural Resources releases another ₱100,000 for the purchase of seeds to be issued to small

June 29—The President reorganizes his Cabinet "to effect more efficiency and more speedy action," as follows: Sabino Padilla (Secretary of Justice) becomes Associate Justice on the Supreme Court; Ricardo Nepomuceno (Secretary of Public Works and Communications) becomes Secretary of Justice; Prospero Sanidad (Senator) becomes Secretary of Public Works and Communications; Marciano Roque (Under-Secretary of Interior) becomes Assistant Executive Secretary and Technical Assistant to the President; Nicanor A. Roxas becomes Under-Secretary of Interior.

## Banking and Finance

BY C. V. GRANT

Sub-Manager, National City Bank of New York

**T**HE first Regional Conference of the National Association of Bank Auditors and Comptrollers of the Philippines was held on June 3 and 4 in Manila. The Conference was attended by some 150 enthusiastic delegates from the banking communities throughout the country as well as by several bankers from abroad.

Among the bankers who addressed the Conference during the first day of the session were Secretary of Finance Pio Pedrosa, Governor Miguel Cuaderno of the Central Bank, Chairman Delfin Buencamino of the Rehabilitation Finance Corporation, and President Vicente Carmona of the Philippine National Bank.

During the session the following day the speakers included Mr. C. R. Leaber, Manager of the National City Bank of New York, and Mr. Albino SyCip, President and General Manager of the China Banking Corporation.

The speakers stressed the importance of the Central Bank in the future development of the nation as well as the need of utilizing the reserves of idle capital in the hands of the public in order to attain the Government's economic objectives.

The delegates elected the following officers for the next two-year term; Mr. L. L. Pan, Auditor of the China Banking Corporation, as President; Mr. Conrado Sevilla, Auditor of the Philippine National Bank, as Vice President; and Mr. J. V. Macuja, Assistant to the Chairman of the Rehabilitation Finance Corporation, as Secretary-Treasurer.

**O**N June 24 the Central Bank advised that until further notice it would sell dollars to the commercial banks at 200.81 for Telegraphic Transfer, and 200.76 Demand, against the previous rates of 201.00 and 200.95 respectively. No alteration was made in the rates at which the Central Bank will buy dollars from the commercial banks, i.e., 200.75 for Telegraphic Transfer, and 200.70 Demand.

The rates between which the banks are permitted to quote for dollar exchange remain as follows:

	Selling	Buying
U.S. Dollars, T. T. over \$500.00 .....	₱201.50	₱200.50
U.S. Dollars, Demand over \$500.00 .....	201.375	200.375
U.S. Dollars, T.T. and Demand under \$500.00 .....	202.00	200.00

At this writing the banks generally are quoting for prime business Telegraphic Transfer 201.25 selling and 200.625 buying.

Editor's note:—No figures on total circulation, bank resources and liabilities, deposits, loans, etc., later than those published in the June issue of this Journal, have been released by the Central Bank.

## Stock and Commodity Markets

BY A. C. HALL

A. C. Hall & Company

May 21 to June 21, 1949

**N**EW YORK STOCKS.—Automobile, Oil, and Steel shares weakened, causing softness in other sections of the general list. The market easily slid through the 171 area of the Dow Jones Industrial Averages, and proceeded to test the post-war major lows in the 160 area, established during October, 1946. However, no great selling-pressure developed at any time during the decline, and the market held fractionally above these important lows. Since then prices have recovered a portion of the lost ground quite readily, but the rally has failed to generate activity, thereby casting doubts as to the market's underlying strength. At the moment, the position would appear as follows: Any further advance on dwindling activity would very probably be followed by a renewed sell-off and test of the recent lows. If the latter holds again, a substantial recovery could follow this formation. However, penetration of the 160 area would probably result in important selling developing.

Market fluctuations during the period, as measured by the closing Dow Jones Averages, were as follows: